

TARIFF ACTION MEMORANDUM

File Nos.: TA12-730

Date: April 9, 2021

Date Filed: January 29, 2021

Statutory End Date: March 15, 2021

Extended Statutory End Date: April 12, 2021

Name of Utilities: Unified Alaskan Utilities

Description: PRISM Surcharge Update

Synopsis of Filing:

Unified Alaskan Utilities submits its annual update to its Plant Replacement and Improvement Surcharge Mechanism.

Tariff Recommendation:

The Commission should acknowledge TA12-730, filed January 29, 2021, by Unified Alaskan Utilities.

Reason(s) for the above-indicated recommendation: See attached memorandum.

Signed: Becki Alvey
Becki Alvey

Title: Utility Tariff Analyst

Commission decision regarding this recommendation:

	Date (if different from 4/9/2021)	<u>I CONCUR</u>	<u>I DO NOT CONCUR</u>	<u>I WILL WRITE A DISSENTING STATEMENT*</u>
Pickett		<u>RMP</u>		
Kurber		<u>KKT</u>		
Scott		<u>AGS</u> AGS		
Sullivan		<u>DS</u> DS		
Wilson		<u>JWW</u> JWW		

*If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA
The Regulatory Commission of Alaska
701 West 8th Ave., Suite 300
Anchorage, Alaska 99501-3469

M E M O R A N D U M

To: Robert M. Pickett, Chairman
Keith Kurber II
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: April 9, 2021

From: Becki Alvey, Utility Tariff Analyst

Subject: TA12-730
PRISM Surcharge Establishment

STATEMENT OF CASE

Unified Alaska Utilities (UAU) submits its annual update to its Plant Replacement and Improvement Surcharge Mechanism (PRISM) surcharge.

RECOMMENDATIONS

The Commission should acknowledge TA12-730, filed January 29, 2021, by Unified Alaskan Utilities.

BACKGROUND

On November 29, 2011, the Commission opened Docket No. R-11-006 to discuss new regulations establishing PRISM for economically regulated water and wastewater utilities.¹ After two technical conferences that resulted in the formation of a utility working group and multiple comment periods, the Commission adopted regulations for PRISM on February 25, 2014.² The regulations were filed with the Lieutenant Governor on May 30, 2014, and became effective June 29, 2014.³ PRISM allows eligible water or wastewater utilities to establish a surcharge to recover capital costs associated with plant placed in service between general rate cases.⁴

On April 22, 2019, UAU filed TA10-730 to establish the PRISM surcharge in its tariff. On June 12, 2019, the Commission issued Letter Order No. L1900223 returning validated tariff sheets to UAU.

¹ See Order No. R-11-006(1), *Order Opening Docket and Scheduling Technical Conferences*, issued November 29, 2011.

² See Order No. R-11-006(7), issued February 25, 2014.

³ See Order No. R-11-006(8), issued July 2, 2014.

⁴ See 3 AAC 52.800.

UAU now submits TA12-730, its annual update to its PRISM surcharge. This is the first annual update to the PRISM surcharge. UAU filed seven supplements to TA12-730, which included corrections to the PRISM calculation, an updated Asset Optimization Plan, a withdrawal of the tariff sheet, and extension to the statutory timeline.⁵

Notice to Customers

3 AAC 52.810(b) provides that a utility shall notify customers by bill insert, or other method specified in its surcharge tariff, before filing surcharge updates and additional notice of a surcharge update will not be required unless ordered by the Commission.⁶ The UAU tariff provide that customers will be notified by bill insert.⁷ No public notice was issued for TA12-730 in accordance 3 AAC 52.810(b)⁸ and UAU's tariffs.⁹ UAU filed a copy of the bill insert with TA12-730.

ANALYSIS

PRISM

The Commission evaluates proposed revisions to PRISM under 3 AAC 52.800 – 3 AAC 52.890, which provides what information is required for each proposed PRISM surcharge revision. This includes information supporting the calculation of the surcharge, prefiled direct testimony, the utility's most recent long-term infrastructure improvement plan, the utility's most recent annual asset optimization plan, and certification that a general rate case has been filed within the five years immediately preceding the establishment or revision of the surcharge tariff.¹⁰

With TA12-730, UAU proposed to update the PRISM surcharge for the Homestead service area, the only service area that had work completed during the period. 3 AAC 52.805(d)(3) provides that a PRISM filing must include a certification that a general rate case has been filed within the five years of the surcharge filing or if no general rate case has been filed, the supporting information of 3 AAC 48.275(a) should be included. Staff notes that UAU's last rate case for the Moorehand Subdivision was filed as TA8-730 on November 5, 2018.¹¹ Staff also notes that the last rate case for the Creekwood Park Apartments was filed as TA9-730 on March 21, 2019.¹² Staff notes that a rate case for the Sherwood Estates and Homestead service areas have not been filed; however, the Commission approved inception rates for these areas on July 8, 2015 and December 13,

⁵ See TR2100729, filed February 1, 2021; TR2101115, filed February 5, 2021; TR2101114, filed February 18, 2021; TR2101439, filed March 8, 2021; TR2101605, filed March 17, 2021; TR2101915, filed April 1, 2021; and TR2102082, filed April 7, 2021.

⁶ See 3 AAC 52.810(b).

⁷ See Tariff Sheet No. 45, effective June 13, 2019.

⁸ 3 AAC 52.810(b) provides that the utility shall notify customers by bill insert or other method specified in the approved surcharge tariff and an additional notice of a surcharge updated will not be required unless ordered by the Commission.

⁹ See Tariff Sheet No. 45, effective June 13, 2019.

¹⁰ See 3 AAC 52.805(d).

¹¹ See TA8-730, filed November 5, 2018.

¹² See TA9-730, filed March 21, 2019.

2018, respectively.¹³ Staff contacted UAU because Homestead had not filed a rate case in the last five years and the filing did not include the supporting information of a 3 AAC 48.275(a) filing. In response to Staff, UAU modified its request in TA12-730 to keep the current 0% PRISM surcharge and withdraw the tariff sheet filed in TA12-730.¹⁴

Staff notes that UAU's tariff provides that it will update the PRISM surcharge annually.¹⁵ In addition, 3 AAC 52.815(b) provides that the asset optimization plan must be updated annually. Staff also notes that UAU's tariff provides that the asset optimization plan must be updated annually.¹⁶ Staff reviewed UAU's tariff and the PRISM regulations and believe that UAU has complied with its tariff and the regulations. Because UAU withdrew the tariff sheet, Staff recommends the Commission acknowledge the filing. This will allow the Commission to track the filing of the asset optimization plan and the compliance with UAU's tariff.

Long-term Infrastructure Improvement Plan and Asset Optimization Plan

3 AAC 52.805(d)(1) provides that a copy of the utility's most recent long-term infrastructure improvement plan must accompany PRISM surcharge filings.¹⁷ Additionally, 3 AAC 52.805(d)(2) provides that a copy of the utility's most recent annual asset optimization plan must accompany PRISM surcharge filings.¹⁸ 3 AAC 52.815(e) requires Commission Staff to review the long-term infrastructure improvement plan or the asset optimization plan for compliance with the provisions of 3 AAC 52.800 – 3 AAC 52.890, the uniform system of accounts established for water and wastewater utilities, generally accepted accounting principles, and reasonable management practices.

Staff verified that UAU provided copies of the long-term infrastructure improvement plan, and asset optimization plans. Staff reviewed the asset optimization plan and believes the asset optimization plan complies with the regulations.

CONCLUSION

With TA12-730, UAU submits its annual PRISM filing, including its asset optimization plan. Staff has reviewed the proposed tariff filing and asset optimization plan and believes they are consistent with Commission regulations. Therefore, Staff recommends that the Commission acknowledge TA12-730, filed January 29, 2021, by UAU.

Signature: 
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¹³ See Order No. U-15-005(2), issued July 8, 2015, and Order No. U-18-098(2), issued December 13, 2018.

¹⁴ See TR2101115, filed February 5, 2021. See also TR2101439, filed March 8, 2021.

¹⁵ See Tariff Sheet No. 43, effective June 13, 2019.

¹⁶ See Tariff Sheet No. 45, effective June 13, 2019.

¹⁷ See 3 AAC 52.805(d)(1).

¹⁸ See 3 AAC 52.805(d)(2).

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